



U.S. Department
of Transportation

Research and
Special Programs
Administration

Southwest Region,
Office of Pipeline Safety

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Houston, TX 77004
(713) 718-3746

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
AND
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 20, 2001

Mr. John W. Somerhalder II,
President
El Paso Energy Pipeline Group
1101 Louisiana
Houston, Texas 77002

CPF NO. 4-2001-1004

Dear Mr. Somerhalder:

From August 19, 2000 through mid-December, 2000, representatives of the Office of Pipeline Safety (OPS), Southwest Region, pursuant to Chapter 601 of 49 United States Code, conducted an incident investigation of an El Paso Natural Gas release that occurred near Carlsbad, New Mexico on August 19, 2000. The incident involved the rupture of Line 1103 that is parallel to two other pipelines - Lines 1110 and 1100.

Although this investigation has not determined the exact cause of the incident, preliminary findings indicate that internal corrosion likely played a major role in the accident. These findings also indicate that internal corrosion had probably occurred over a long period, where liquids had accumulated in a low point on the pipeline.

Furthermore, as a result of this investigation, it appears that probable violations of the pipeline safety regulations (Title 49, Code of Federal Regulations, Part 192) have been committed. In general, these probable violations show weaknesses in El Paso's internal corrosion training, a failure among El Paso's operating elements to follow procedures and to communicate important operating information with one another, and for El Paso to consider how operating information and experience from one pipeline segment could be relevant to other sections of the pipeline system. OPS is concerned that this failure to communicate and integrate vital information played a critical role in the August 19 incident. The probable violations are set forth below.

1. **§192.453 General.** The corrosion control procedures required by §192.605(b)(2), including those for the design, installation, operation, and maintenance of cathodic protection systems, must be carried out by, or under the direction of, a person qualified in pipeline corrosion control methods.

To comply with §192.605(b)(2), El Paso established Internal Corrosion Control Procedures identified as "700 Internal Corrosion Control". These procedures identify specific tasks required to mitigate the risk from internal corrosion for all pipeline systems El Paso operates, including, Lines 1100, 1103 and 1110. Section 3.1.1 of these procedures requires that transported gas and accumulated liquids in a pipeline be tested for corrosiveness. This section also requires the Area/Complex Manager to ensure that qualified personnel perform the required procedures.

El Paso's 700 Internal Corrosion Control procedures for pipelines 1100, 1103 and 1110 are not carried out by, or under the direction of a person qualified in pipeline corrosion control methods because El Paso's corrosion personnel have not received the training (through either informal or formal instruction) necessary to perform the tasks to carry out the internal corrosion control procedures.

El Paso Training Goals - The information provided to OPS inspectors regarding El Paso's training program (untitled and undated) indicates that El Paso's operational and training goal is to have qualified Senior Specialists at each area or complex perform critical tasks, such as, corrosion mitigation, measurement and other disciplines. To accomplish this, El Paso personnel participate in a company wide training program - the Operations Technical Development Program (OTDP). Under this program, a variety of training is available to El Paso personnel through two training elements - informal and formal instruction.

Informal Training - The first element of El Paso's OTDP training program is for personnel to enroll in and complete tasks through internal training courses. The OTDP task list for corrosion personnel includes sixty-one tasks subdivided into three skill levels. There are twenty-five level 'A', thirty-two level 'B' and four level 'C' tasks. Level A tasks are considered high level and require 160 hours of instruction. Entry level technicians are expected to complete certain training levels defined for each area/complex to reach the Senior Corrosion Specialist level.

El Paso's records indicate that most of the OTDP corrosion tasks are designed to train personnel in external corrosion control as cathodic protection specialists. The records show that training for internal corrosion is very limited. Of the sixty-one tasks, only two tasks, both of which are level 'A', are oriented specifically for internal corrosion control. The two tasks are CR307, Maintain/Operate Corrosion Inhibitor Injection Pump and CR 320, Internal Corrosion Coupon Analysis. However, these two training tasks are inapplicable to Lines 1103, 1110 or 1100 since this type of equipment has not been installed on these pipelines.

El Paso's procedures require the Area Senior Corrosion Specialist, or other Operations personnel as designated by the Area/Complex Manager, to sample the gas stream and accumulated liquids so that Corrosion Services can determine the corrosiveness of the gas and of the accumulated liquids. However, El Paso's OTDP corrosion tasks do not provide Operations personnel, including Area Senior Corrosion Specialists, the necessary training to develop the skills necessary to test and determine if the accumulated liquids are corrosive.

Formal Training - The second element in El Paso's Operations Technical Development Program (OTDP) is formal training from professional associations, universities or vendors. El Paso has not been able to demonstrate that either El Paso's Corrosion Services or Operations personnel, including, the Senior Corrosion Specialist have enrolled in formal courses for the necessary training and preparation to perform the requirements of the 700 Internal Corrosion Control procedures.

2. **§192.475 Internal corrosion control: General.**

(a) Corrosive gas may not be transported by pipeline, unless the corrosive effect of the gas on the pipeline has been investigated and steps have been taken to minimize internal corrosion.

And

§192.605 Procedural manual for operations, maintenance, and emergencies.

Each operator shall include the following in its operating and maintenance plan:

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. And,

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(2) Controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of this part.

El Paso did not take steps to investigate and to minimize internal corrosion, as required by §192.475. El Paso failed to follow its procedures when it failed to recognize that the gas being transported in its pipelines was corrosive. In particular, El Paso did not comply with the requirements of §§192.475 and 192.602(b)(2) when:

- Gas Control failed to recognize when the level of a corrosive constituent (water vapor) was exceeded and when field personnel failed to stop the flow of corrosive gas into Lines 1103 and 1110.
- Operations personnel failed to communicate to Corrosion personnel that the water vapor content specifications had been exceeded on Lines 1103 and 1110, and that liquids were found in Lines 1103 and 1110.
- Personnel failed to follow procedures and take required investigative and mitigative steps when the water vapor content in the gas being transported in Lines 1103 and 1110 was exceeded.
- Personnel failed to follow procedures and sound engineering practice by not performing corrosiveness tests on the liquids and solids that were removed from Lines 1103 and 1110 after pigging operations.

Gas Quality Specifications - El Paso's procedures require that the gas transported in its pipeline system meet specific criteria that are described in its Measurement Manual, Section "Gas Quality

Scope & Policy"- 1996. The Gas Quality Standard (found in El Paso's 700 internal corrosion procedures adopted in January 2000) similarly lists specifications that the gas being transported in El Paso's pipelines must not exceed. When the gas does not meet these specifications it is considered to be corrosive gas. These specifications are also used as the set points for the SCADA system's hazardous gas alarms to alert personnel when the Gas Quality limits are exceeded.

El Paso's records show that the water vapor content in the gas it was transporting through Lines 1103 and 1110 failed to meet the requirements of the specification listed in the Gas Quality Standard and the Measurement Manual. Specifically, the records show that in 1999 the water vapor in the gas being transported in El Paso's Line 1103 exceeded the maximum standard of 7.0 pounds H₂O per MMscf for twenty days and in Line 1110 for eleven days. Table 1, below, lists the dates in 1999 when the water vapor magnitudes in the gas being transported in Lines 1103 and 1110 exceeded the standard.

Days Exceeding Water Vapor Content - 1999			
Line 1103	Day Avg (lbs.)	Line 1110	Day Avg (lbs.)
4/10	19.2		
5/11	18.8		
5/18	19.4		
5/22	18.0		
5/23	20.9		
6/11	07.7		
6/22	20.1	6/22	19.4
6/23	07.8		
6/24	07.2		
8/03	16.5		
8/04	09.6	8/04	15.5
8/05	18.8	8/05	20.7
8/06	20.6	8/06	20.9
8/07	20.6	8/07	20.9
8/08	20.6	8/08	20.9
8/09	20.6	8/09	20.9
8/10	20.6	8/10	20.9
8/11	20.6	8/11	20.9
9/12	20.6	8/12	20.9
8/13	09.2	8/13	09.3

Table 1 - Year 1999 Water Vapor Content in Lines 1103/1110

El Paso's records also show that for the year 2000 from 02/09 to 08/21 there were thirty days in which gas was injected into Line 1110 when the water vapor content exceeded the maximum standard. This information is shown in Table 2.

Days Exceeding Water Vapor Content Line 1110 - 2000			
Date	Day Avg (lbs.)	Date	Day Avg (lbs.)
2/09	17.0	6/06	8.5
2/10	9.5	6/07	7.9
2/11	9.9	6/08	8.4
2/12	9.9	6/09	9.1
2/13	9.9	6/10	9.7
2/14	13.5	6/11	9.3
2/15	9.9	6/12	8.5
2/16	7.9	6/13	8.6
5/30	7.5	6/14	7.5
5/31	10.2	6/15	8.3
6/01	9.4	6/16	7.8
6/02	9.3	6/17	7.5
6/03	8.3	8/19	14.1
6/04	8.7	8/20	19.6
6/05	8.5	8/21	19.6

Table 2 - Year 2000 Water Vapor Content in Line 1110

As noted earlier, El Paso uses a System Control and Data Acquisition (SCADA) system to monitor key operating data and to control the operation of the pipeline system. The specifications in the Measurement Manual are used as the set points for the SCADA system's hazardous gas alarms. An alarm is recorded and acknowledged by Gas Control when the allowable maximum specification for a corrosive constituent, such as, water vapor is exceeded. El Paso's Summary of Alarms further confirm that the water vapor levels exceeded the maximum standard of 7.0 pounds H₂O per MMscf on dates between January 1996 and July 2000.

Failure to Communicate Essential Information to Corrosion Control Services - El Paso's internal corrosion control procedures require mitigative and corrective action by collecting data through monitoring the corrosive constituents of the gas using the SCADA system and through field personnel's sampling of gas and of liquids. This data is then to be conveyed to Corrosion Control Services to evaluate the data and determine what mitigative and corrective action is required.

Water Vapor Content Exceeded. El Paso's internal corrosion procedures (effective January 2000) require personnel to collect CO₂, O₂, H₂S, sulfur, water vapor and temperature data when sampling gas and to contact Corrosion Control Services when any of these components change in a significant or unexpected way (Section 3.2.2). Before January 2000, the internal corrosion control procedures specified that if corrosive gas were transported (i.e., exceeded the tariff or gas standard), Corrosion Services would recommend the appropriate corrective action. Thus, under current or past procedure, Corrosion Control personnel would need the essential information about water vapor in the line in order to take the necessary mitigative actions. As shown in the above tables, in 1999, there were twenty days on Line 1103 and eleven days on Line 1110 when El Paso operations personnel were aware that the water vapor content had exceeded the Gas Quality Standard. In 2000, there were thirty days on Line 1110 when personnel were aware that the water vapor exceeded the standard.

El Paso's procedures require that the Controller contact field operations when hazardous (corrosive) gas alarms are received. El Paso's records (Summary of Alarms) are unclear as to whether communications between Operations Control and the field took place on each of the 61 occasions when the water vapor exceeded the Gas Quality Standard. Moreover, El Paso cannot demonstrate that on these 61 occasions, Area personnel communicated this information to Corrosion Control Services.

Liquid and Solids in the pipeline. The internal corrosion control procedures El Paso adopted in January 2000 require sampling anytime liquids are removed from a line after pigging. Personnel are to test samples and if Chlorides, pH or MIC are above a certain threshold level, to "Contact Corrosion Control Services" (Section 3.2.1). Before January 2000, El Paso should have followed 'sound engineering practices' and done sampling on the liquids removed during pigging, and communicated the information to Corrosion personnel for any necessary mitigative action.

El Paso's records show that liquids were removed from Line 1103 during pigging operations between 1993 and 2000. Varying amounts of solids were also removed during this same period. The amounts removed are shown in Table 3. Yet, on twelve separate pigging occasions, personnel did not follow procedures or sound engineering practice to sample, test the sample for corrosiveness and communicate the results to Corrosion Control Services.

Date	Liquids (gals)	Solids (lbs.)
01/26/93	0	200
08/26/93	30	200
08/30/93	30	100
09/12/93	10	200
10/25/93	0	10
02/23/94	0	250
06/07/94	no data	no data
01/11/95	3	15
04/03/95	no data	no data
08/18/95	no data	no data
02/12/97	no data	no data
03/13/97	no data	no data
12/03/97	no data	no data
01/04/98	0	0
04/21/98	no data	no data
01/27/99	110	209/2100?
05/22/00	no data	no data

Table 3 - Liquids and Solids Removed from Line 1103

Liquids and solids were also removed from Line 1110 during pigging operations. The amounts removed during the period January, 1993 to the present are shown in Table 4. Again, El Paso has not been able to demonstrate that personnel followed procedures or sound engineering practice to sample, test the samples for corrosiveness and communicate the test results to Corrosion Control.

Date	Liquids (gals)	Solids (lbs.)
01/29/93	no data	no data
07/15/93	0	50
02/22/94	10	no data
01/12/95	5	5
04/03/95	no data	no data
08/18/95	no data	no data
03/13/97	no data	no data
04/21/98	no data	no data
03/11/99	no data	no data
10/11/99	5	0

Table 4 - Liquids and Solids Removed from Line 1110

Failure to Take Steps to Minimize Internal Corrosion - El Paso failed to follow procedures concerning steps to minimize internal corrosion. These procedures provide for mitigating the effects of the corrosive constituents in the gas by correcting the source of the problem, or by designing a mitigative program and monitoring the effectiveness of the program.

Water vapor content exceeded. El Paso transported corrosive gas when it did not take the necessary steps to minimize internal corrosion caused by gas that did not meet the requirements of the Gas Quality Standard and the Measurement Manual. On Line 1103, the water vapor content exceeded the Gas Quality Standard for twenty days in 1999. On Line 1110, the water vapor content exceeded the Gas Quality Standard for eleven days in 1999 and thirty days in 2000.

On these 61 occasions when water vapor exceeded the standard, El Paso did not follow its procedures to take steps to minimize the effects of the high water vapor content in the gas. El Paso's Measurement Manual, Section "Gas Quality Scope & Policy" requires shippers transporting gas in El Paso's pipelines to comply with the Gas Quality Standard. The Measurement Manual also requires El Paso field technicians to shut-in the line after one hundred and twenty minutes after the initial alarm if the shipper's gas volumes contain more than 7.1 lbs/MMscf of moisture (high water vapor). These procedures further require that volumes must be shut-in immediately if the moisture

content exceeds 9.5 lbs/MMscf. Records show that on those instances when the shippers' gas did not meet El Paso's specification, the field technicians did not stop the gas from flowing into Lines 1103 and 1110.

Furthermore, in the pre-2000 internal corrosion control procedures, Corrosion Services was to recommend the appropriate corrective action for corrosive gas being transported. Similarly, current procedures require Corrosion Control Services to determine if a pipeline is transporting corrosive gas and to take mitigative steps. Because they did not receive the information about the water vapor exceeding the standard, Corrosion personnel did not take appropriate mitigative action.

Testing for corrosiveness of liquids and solids - El Paso's internal corrosion control procedures (January 2000) assign Corrosion Control Services the responsibility for determining if liquids in the pipeline are corrosive, and developing and designing a corrosion mitigation program, when necessary. If liquids and solids are found in a pipeline, the liquids are to be sampled and tested to determine if they are corrosive. (Sections 3.2.2.1 and 3.2.1.3) Before January 2000, sound engineering practices would have necessitated these tests so that Corrosion Control Services could evaluate the results of the testing, determine if the liquids were corrosive and when necessary, develop and design a corrosion mitigation program.

El Paso has not been able to demonstrate that it took the required steps to investigate and to mitigate the corrosive effects of liquids that had accumulated on Lines 1103 and 1110. El Paso has not been able to demonstrate that Area personnel performed sampling and testing of the liquids and solids removed during twelve pigging operations El Paso conducted on Line 1103 between 1993 and 2000, and during the pigging operations conducted on Line 1110 between 1993 and 1999. Records show that the lab tests on the liquid samples removed from Line 1103 after pigging operations were only to satisfy EPA requirements for disposal of the liquid. El Paso cannot demonstrate that Corrosion Services performed any of the required sampling and testing or followed sound engineering practice to detect or determine microbiological organisms capable of inducing corrosion, pH of the liquids, concentrations of bicarbonates, or, total iron. Moreover, because Corrosion Control Services did not have this essential information, they did not carry out required procedures to evaluate data, have additional tests performed and define a corrosion control program for field personnel.

3. **§192.605 Procedural manual for operations, maintenance, and emergencies.**

Each operator shall include the following in its operating and maintenance plan:

- (a) **General.** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. And,

§192.613 Continuing Surveillance.

- (a) Each operator shall have a procedure for continuing surveillance of its facilities to determine and take appropriate action concerning changes in class location, failures, leakage history, corrosion, substantial changes in cathodic protection requirements, and other unusual operating and maintenance conditions.

El Paso did not follow its procedure, Surveillance, Section 501 in that it did not perform Continuing Surveillance by failing to consider and take appropriate action on several unusual operating and maintenance conditions that existed on Line 1103. El Paso's procedure Surveillance, Section 501, section 1i, defines surveillance as an awareness of factors which might affect operations of the pipeline system or result in possible injury or damage to people or property. Performing Continuing Surveillance of Line 1103 would have alerted El Paso to potential or existing conditions indicating that it should have taken appropriate measures to test for the collection of liquids at the low point on the pipeline, and to test for internal corrosion.

At least two separate conditions existed on the El Paso pipeline segment where the August 19, 2000 incident occurred that El Paso failed to consider and/or act on.

Accumulation of liquids. El Paso performs pigging operations using cleaning pigs to remove accumulated solids or liquids from the pipelines. Data included in Table 3 above show that pigging operations were performed from 1993 to 2000 and that liquids and solids were removed from Line 1103. Although these operations are performed primarily to improve gas throughput and transport efficiency, testing of the removed solids and liquids can also provide useful information regarding their corrosive properties. If the tests show that the liquids are corrosive then additional tests and mitigative efforts may be required. However, El Paso was unable to demonstrate that the solids and liquids removed during these operations were tested for corrosive characteristics.

Low points on the pipeline susceptible to corrosion. El Paso failed to evaluate Line 1103 between the Keystone and Pecos River Compressor stations for low points where liquids could have accumulated and where corrosion could occur. El Paso also failed to consider that since it could not run cleaning pigs through the two and one-half mile section between the scraper traps at MP 52.6 and the Pecos River Compressor station, it should have taken other action to address potential internal corrosion on the segment.

The investigation report on the accident that had occurred on El Paso's Line 1300 near Roswell, New Mexico in 1996 had alerted El Paso to the problems caused by internal corrosion, due to the presence of water at a low point in a pipeline. Specifically, El Paso's investigation report entitled Rupture of Line 1300 MP 123+3299' and dated September 10, 1996 stated that the Roswell failure was caused by "internal corrosion due to the presence of water, over some time, at a deflection in the pipe". In a memorandum dated Oct. 14, 1996 that was included in the accident report, a member of the El Paso investigation team recommended that "other possible areas of pipeline deflection should be located and examined by radiographic or ultrasonic techniques to ensure that a similar condition does not exist". The recommendations were distributed to inform El Paso's Operating Division Directors, Complex/Area managers and other senior management that if the same operating conditions existed on other lines the results could be the same - corrosion by accumulated liquids at low points and subsequent failures. The investigative team on the Roswell accident recommended that cleaning pigs be run and noted that the recovery of any corrosive liquids may signal a need for further measures. Yet, El Paso failed to follow the accident investigation recommendations. An evaluation would have shown that this section of pipeline was particularly vulnerable to liquid accumulation at the low point at the river crossing - the lowest point on this pipeline segment.

The investigative team recognized that given the hilly terrain in which El Paso's pipelines were located, extensive low point testing could not be conducted on all of El Paso's system. However, given that conditions existed on Line 1103 that made it susceptible to the same failure mechanism that caused the 1996 Roswell accident, and that the segment between the scraper traps at MP 52.6 and the Pecos River Compressor station was only two and one-half miles long, testing this segment could not reasonably have been considered extensive testing.

Incorrect drip placement. El Paso's monitoring failed to find that it had not installed the drip, which is used to collect and remove accumulated liquids, in the correct location. Although a drip had been installed between the scraper traps at MP 52.6 and the Pecos River Compressor station during the original construction of Line 1103, it was not installed at the lowest or most critical point. Elevation readings taken after the August 19 accident on Line 1103 show that El Paso had not installed the drip at the lowest point on the pipeline. This allowed liquid to settle at the lowest point on the pipeline creating a corrosive environment.

3. **§192.605 Procedural manual for operations, maintenance, and emergencies.**
Each operator shall include the following in its operating and maintenance plan:

- (a) **General.** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. And,

§192.617 Investigation of failures.

Each operator shall establish procedures for analyzing accidents and failures, including the selection of samples of the failed facility or equipment for laboratory examination, where appropriate, for the purpose of determining the causes of the failure and minimizing the possibility of a recurrence.

El Paso did not follow its procedure, Leak and Failure Reporting (section III, A and D), in that it did not take action to minimize the possibility of a failure recurrence. This procedure requires El Paso to perform an investigation to determine the cause of the failure and to make recommendations for minimizing or eliminating the likelihood of a recurrence. The procedure further requires El Paso's supervisory personnel to initiate such actions as may be necessary based on the investigation report and its recommendations.

Specifically, El Paso did not minimize the possibility of recurrence of an accident that occurred on Line 1300 near Roswell, New Mexico in 1996 or follow the recommendations included in an El Paso investigation report entitled Rupture of Line 1300 MP 123+3299' and dated September 10, 1996. An El Paso investigative team determined that the Roswell failure was caused by "internal corrosion due to the presence of water, over some time, at a deflection in the pipe". A member of the El Paso investigation team recommended that "other possible areas of pipeline deflection should be located and examined by radiographic or ultrasonic techniques to ensure that a similar condition does not exist." The investigative team recommended the running of cleaning pigs and noted that the recovery of any corrosive liquids may signal a need for further measures.

Although the section of pipe where the August 19 accident occurred (between the scraper traps at MP 52.6 and the Pecos River Compressor station) met the criteria defined in El Paso's accident report in two aspects El Paso did not examine the two and one-half mile section of pipe. Specifically,

There is an obvious topographical elevation change from the scraper traps at MP 52.6 to the Pecos River Compressor station primarily at the Pecos River crossing. These elevation changes are precursors to potential deflection or low points, where liquids can accumulate. El Paso should have performed tests in this short section to locate the low points.

The two and one-half mile section between the scraper traps at MP 52.6 and the Pecos River Compressor station could not be pigged to remove liquids at low points in the pipe. Since the liquids could not be removed, El Paso should have made measurements using radiographic and ultrasonic techniques to examine low points for metal loss due to internal corrosion.

4. **§192.605 Procedural manual for operations, maintenance, and emergencies.**
Each operator shall include the following in its operating and maintenance plan:
 - (a) **General.** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. And,
 - (b) **Maintenance and normal operations.** The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.
 - (3) **Making construction records, maps, and operating history available to appropriate operating personnel.**

El Paso's Elevation Profile drawing (26" & 30" O.D. Calif. Lines Profile Eunice to Guadalupe Station, Jal to Pecos River, dwg. no. A-5-22) was incomplete and did not comply with El Paso's Maps and Records Procedure, Section 102.5, which requires that construction records and maps be available for use by all supervisors and any personnel expected to respond to emergencies and/or maintain the integrity of the pipeline system. This implies that correct and updated drawings will be made available to operating personnel since an incomplete drawing is of limited or no value. When provided with accurate and updated drawings, El Paso personnel can perform everyday functions or implement accident investigation recommendations and operate the pipeline in a safe manner.

Specifically, El Paso's Elevation Profile drawing did not include an updated profile of Line 1103 from Keystone Compressor Station to the Pecos River, the segment where the August 19 accident occurred. This drawing, which was last revised in 1952, incorrectly shows that Line 1103 begins at the retired plant Jal No. 1. More importantly, it did not show the elevation profile from Valve 6 to the Pecos River Compressor Station, where the rupture occurred. This information is of particular importance because the segment where the August 19 accident occurred had not been pigged. Knowing where the low points were located and where liquids could have accumulated would have allowed El Paso to identify the low points, to test for metal loss and, thus, possibly prevent the accident.

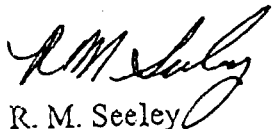
Under 49 United States Code §60122, you are subject to a civil penalty not to exceed \$25,000 for each violation for each day the violation persists up to a maximum of \$500,000 for any related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and it is her recommendation that you be preliminarily assessed a civil penalty of \$2,525,000 as follows: Item 1 \$500,000; Item 2 \$1,000,000; Item 3 \$500,000; Item 4 \$500,000 and Item 5 \$25,000.

Furthermore, pursuant to 49 U.S.C. §60118, OPS proposes to issue you a Compliance Order with respect to Items 1, 2 and 5. The Proposed Compliance Order is attached and made a part of this Notice of Probable Violation. Additional corrective actions are being taken under the Corrective Action Order (CPF No. 4-2000-1004-H) OPS issued on August 23, 2000.

Attached is a description of the available procedures for responding to this Notice. Please note that if you elect to make a response, you must do so within 30 days of receipt of this Notice or waive your rights under 49 CFR 190.209. No response or a response which does not contest the allegations in the Notice authorizes the Associate Administrator, OPS, to find the facts to be as alleged herein and to issue appropriate orders. The 30 day response period may be extended for good cause shown and submitted within the original 30 days.

Please refer to CPF No. 4-2001-1004 for any correspondence on this matter. If you have any questions or concerns, please do not hesitate to contact me at (713) 718-3746.

Sincerely,

A handwritten signature in dark ink, appearing to read 'R. M. Seeley', is written over the printed name.

R. M. Seeley
Director, Southwest Region

Enclosure

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Office of Pipeline Safety proposes to issue to El Paso Energy Pipeline Group (El Paso) a compliance order incorporating the following requirements to assure the compliance of El Paso with the pipeline safety regulations applicable to its operations.

1. With respect to Items 1 and 2 of the Notice, do the following with respect to the qualification of individuals who perform covered tasks to implement your internal corrosion procedures:
 - a. Within 10 days of issuance of a final order, submit the qualification plan required under 49 C.F.R. §192.809 with respect to the covered tasks required to implement your internal corrosion procedures with respect to Lines 1100, 1103, and 1110 to the Regional Director, Southwest Region, for review and approval.
 - b. Accelerate the completion of qualification of individuals who perform covered tasks to implement your internal corrosion procedures to complete their qualification by December 31, 2001.
 - c. In addition to appropriate corrosion personnel, qualify all other individuals who perform covered tasks to implement your internal corrosion procedures including operations personnel who are responsible for conducting sampling and communicating the results to corrosion personnel and gas control controllers who are responsible for stopping the flow of corrosive gas.
 - d. Develop and utilize an evaluation method that does not rely solely on work performance history review to qualify any of the individuals who perform tasks to implement your internal corrosion procedures.
 - e. Submit a progress report to the Regional Director on the qualifications of these individuals by October 1, 2001 and a final report by February 1, 2002.
2. With respect to Item 5 of the Notice, do the following:
 - a. Within 6 months of issuance of a final order, review the elevation profile drawings for all pipelines you operate and make any corrections to ensure that the drawings accurately identify the low points on the pipelines.
 - b. Within 6 months of issuance of a final order, review your practices for updating these drawings and for making these drawings and modifications of these drawings available to corrosion personnel. Affirm your existing practices or modify them as necessary to assure that corrosion personnel will have available accurate information about low points on the pipelines.
 - c. Within 7 months of issuance of a final order, submit to the Regional Director a report that includes identification of any modifications made in drawings under paragraph a. as well as the practices El Paso will follow as a result of paragraph b.

I. Procedures for Responding to a Notice of Probable Violation:

The requirements of 49 C.F.R. Part 190, Subpart B govern your response to this Notice of Probable Violation ("Notice").

Within 30 days of receipt of a Notice, the respondent shall respond to the Regional Director who issued the Notice in the following way:

(a) When the Notice contains a proposed civil penalty* --

- (1) Pay the proposed civil penalty, authorizing OPS to make findings and to close the case with prejudice to the respondent. Payment terms are outlined in Attachment A;
- (2) Submit written explanations, information, or other materials regarding the merits of the allegations and seek elimination or mitigation of the proposed civil penalty; or
- (3) Request a hearing as described below to contest the allegations and proposed assessment of a civil penalty.

* Failure of the respondent to respond within 30 days of receipt of a Notice containing a civil penalty constitutes a waiver of the right to contest the allegations in the Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in the Notice without further notice to the respondent and to issue a Final Order.

(b) When the Notice contains a proposed compliance order --

- (1) Notify the Regional Director that you intend to take the steps in the proposed compliance order;
- (2) Submit written explanations, information, or other materials in answer to the allegations in the Notice and object to or seek clarification of the proposed compliance order items in whole or in part;
- (3) Request a hearing as described below to contest the allegations in the Notice; or
- (4) Request consideration of a consent order as described below pursuant to 49 C.F.R. § 190.219.

(c) When the Notice contains an amendment of plans or procedures --

- (1) Notify the Regional Director that you intend to take the steps in the proposed amendment of plans or procedures;

- (2) Submit written explanations, information, or other materials in answer to the allegations in the Notice and object to or seek clarification of the proposed amendment items in whole or in part; or
- (3) Request a hearing as described below to contest the allegations in the Notice.
- (d) When the Notice contains warning items -- These items may be addressed at the operator's discretion; however, no response is required.

II. Procedure for Requesting a Hearing

A request for a hearing must be in writing and accompanied by a statement of the issues which the respondent intends to raise at the hearing. The issues may relate to the alleged violations, new information, or to the proposed compliance order or proposed civil penalty amount. A respondent's failure to specify an issue may result in waiver of the right to raise that issue at the hearing. The respondent's request must also indicate whether or not respondent will be represented by counsel at the hearing. Failure to submit a request for a hearing in writing waives the right to a hearing. In addition, if the amount of the proposed civil penalty or the proposed corrective action is less than \$10,000, the hearing will be held by telephone, unless the respondent submits a written request for an in-person hearing. Complete hearing procedures can be found at 49 C.F.R. § 190.211.

III. Extensions of Time

An extension of time to prepare an appropriate response to a Notice may be granted, at the agency's discretion, following submittal of a written request to the Region Director. The request must indicate the amount of time needed and the reasons for the extension. The request must be submitted within 30 days of receipt of the Notice.

IV. Freedom of Information Act

Any material prepared by OPS, including the violation report; this Notice, and any order issued in this case, and/or any material provided to OPS, may be considered public information and subject to disclosure under the Freedom of Information Act.

V. Small Business Regulatory Enforcement and Fairness Act Information

The Small Business and Agricultural Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the enforcement actions of the Research and Special Programs Administration, call 1-888-REG-FAIR (1-888-734-3247).

ATTACHMENT A - PAYMENT INSTRUCTIONS

Civil Penalty Payments of Less Than \$10,000

Payment of a civil penalty of less than \$10,000 proposed or assessed, under Subpart B of Part 190 of the Pipeline Safety Regulations can be made by certified check, money order or wire transfer. Payment by certified check or money order should be made payable to the "Department of Transportation" and should be sent to:

General Ledger Branch (AMZ-310)
Federal Aviation Administration
U.S. Department of Transportation
Mike Monroney Aeronautical Center
P.O. Box 25760
Oklahoma City, OK 73125-4915

Wire transfer payments of less than \$10,000 may be made through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfer should be directed to the General Ledger Branch at (405) 954-4719, or at the above address.

Civil Penalty Payments of \$10,000 or more

Payment of a civil penalty of \$10,000 or more proposed or assessed under Subpart B of Part 190 of the Pipeline Safety Regulations must be made wire transfer (49 C.F.R. § 89.21 (b)(3)) through the Federal Reserve Communications System (Fedwire) to the account of the U.S. Treasury. Detailed instructions are provided below. Questions concerning wire transfers should be directed to the General Ledger Branch at (405) 954-4719, or at the above address.

INSTRUCTIONS FOR ELECTRONIC FUND TRANSFERS TO THE OFFICE OF THE SECRETARY, U.S. DEPARTMENT OF TRANSPORTATION

(1) <u>RECEIVER ABA NO.</u> 021030004		(2) <u>TYPE/SUB-TYPE</u> (Provided by sending bank)	
(3) <u>SENDING BANK ABA NO.</u> (Provided by sending bank)	(4) <u>SENDING BANK REF NO.</u> (Provided by sending bank)	(5) <u>AMT</u>	
(6) <u>SENDING BANK NAME</u> (Provided by sending bank)			
(7) <u>RECEIVER NAME</u> TREAS NYC		(8) <u>PRODUCT CODE</u> (Normally CTR, or as provided by sending bank)	
(9) <u>BENEFICIAL (BNF) = AGENCY LOCATION CODE</u> BNF = /AC - 69010005			

(10) REASONS FOR PAYMENT

OBI = Payment for Civil Penalty/RSPA CPF#

INSTRUCTIONS: You, as sender of the wire transfer, must provide the sending bank with the information for blocks (1), (5), (7), (9), and (10). The information provided in Blocks (1), (7), and (9) are constant and remain the same for all wire transfers to the Office of the Secretary of Transportation.

BLOCK #1 - RECEIVER ABA NO. - "021030004". Ensure the sending bank enters this 9-digit identification number; it represents the routing symbol for the U.S. Treasury at the Federal Reserve Bank in New York.

BLOCK #5 - AMOUNT - You as the sender provide the amount of the transfer. Please be sure the transfer amount is punctuated with commas and a decimal point. EXAMPLE: \$10,000.00

BLOCK #7 - RECEIVER NAME - "TREAS NYC". Ensure the sending bank enters this abbreviation. It must be used for all wire transfers to the Treasury Department.

BLOCK #9 - BENEFICIAL - AGENCY LOCATION CODE - "BNF=/AC - 69010005". Ensure the sending bank enters this information. This is the Agency Location Code for the Office of the Secretary, Department of Transportation.

BLOCK #10 - REASON FOR PAYMENT - "OBI=Payment for Civil Penalty/RSPA CPF number and your company's name. EXAMPLE: OBI=Payment for Civil Penalty/RSPA CPF #1776/ABC Pipeline Co.

NOTE: A wire transfer must comply with the format and instructions or the Department cannot accept the wire transfer. You as the sender can assist this process by notifying at the time you send the wire transfer, Ms. Valeria Dungee, General Ledger Branch, (405) 954-4719.